

IRON COUNTY, UTAH
FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2006

IRON COUNTY, UTAH

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FINANCIAL SECTION

Wilson & Company

Certified Public Accountants / A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of
County Commissioners
Iron County
Parowan, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Utah as of and for the year ended December 31, 2006 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Utah as of December 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2007, on our consideration of Iron County, Utah's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, as listed in the financial section of the table of contents and budgetary comparison information on page 51 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iron County, Utah's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as well as the schedule of transient room expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements of Iron County, Utah. The combining and individual nonmajor fund financial statements and schedules and the schedule of transient room expenditures have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



WILSON & COMPANY
Certified Public Accountants

September 7, 2007
Cedar City, Utah

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Iron County's (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2006. Please read this discussion and analysis in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- * The County's total net assets at the close of the fiscal year totaled \$ 21,911,533. This amount is comprised of \$ 15,560,532 in capital assets net of related debt and \$ 6,351,001 in other net assets.
- * Combined General Fund revenues exceeded expenditures by \$ 257,403 after all transfers between funds.
- * The Combined General Fund's ending fund balance of \$ 6,503,892 represents 52 percent of the total budgeted expenditures for the fiscal year ending December 31, 2006.
- * Total net assets for the County's business-type activities increased by \$ 882,151.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's annual financial report includes: 1) this discussion and analysis, which serves as an introduction to the County's basic financial statements; 2) the basic financial statements comprised of the government-wide financial statements, fund financial statements and notes to the financial statements; and 3) other supplementary information.

Government-wide financial statements. The government-wide financial statements include a statement of net assets and a statement of activities that provide a County-wide perspective of the County's overall financial status. These statements are prepared using accrual accounting methods similar to those used in preparing the financial statements of private-sector businesses.

- * The *statement of net assets* presents information on all of the County's assets and liabilities. The difference between assets and liabilities represents the County's net assets. Increases or decreases in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the County is improving or deteriorating, respectively.
- * The *statement of activities* presents information reflecting how the County's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs irrespective of the timing of the related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. This segregation is also used to ensure and demonstrate compliance with finance-related legal requirements. The County utilizes three types of funds: governmental funds, proprietary funds and fiduciary funds.

- * *Governmental funds* account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these statements are prepared using modified accrual accounting methods which measure cash and other financial assets readily convertible to cash and their balances available for use at year-end. As a result, these statements provide a short-term perspective of the County's general government operations and the basic services provided and may assist in determining the availability of financial resources that could be used in the near future to finance the County's programs.
- * Reconciliation between the long-term perspective of the government-wide financial statements and the short-term perspective of the fund financial statements is provided on page 16 of this report.
- * The County has identified three of its governmental funds to be major governmental funds requiring separate reporting. The remaining governmental funds are non-major funds and are included in the combining statements on page 52-57 of this report.
- * *Proprietary funds* account for the same functions and utilize the same accounting methods reported as business-type activities in the government-wide financial statements. Full accrual accounting methods are used and provide both long and short-term financial information. The County uses enterprise funds, one type of proprietary fund, to account for its six business-type activities.
- * *Fiduciary funds* account for resources held by the County for the benefit of other governmental entities within the County. The County has a fiduciary responsibility to ensure that these resources are used for their intended beneficiaries and purposes. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds cannot be used to finance County programs. The County's fiduciary responsibilities are reported separately in a statement of fiduciary net assets and a statement of changes in fiduciary net assets. These statements are prepared using full accrual accounting methods similar to those used in preparing proprietary fund statements.

Fund financial statements can be found on pages 15-22 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information essential to understanding the government-wide and fund financial statements.

The notes to the financial statements are on pages 23-32 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As was previously noted, increases or decreases in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the County is improving or deteriorating, respectively. The County's total net assets, assets in excess of liabilities, totaled \$ 21,911,533.

IRON COUNTY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Current</u>	<u>Prior</u>	<u>Current</u>	<u>Prior</u>
Current and other assets	\$ 11,464,520	\$ 11,477,416	\$ 3,437,406	\$ 2,390,808
Capital assets	21,625,830	21,265,236	3,685,067	3,502,253
 Total assets	 \$ 33,090,350	 \$ 32,742,652	 \$ 7,122,473	 \$ 5,893,061
 Long-term debt outstanding	 \$ 9,747,123	 \$ 10,978,351	 \$ 8,116	 \$ 1,805,381
Other Liabilities	4,900,257	5,516,109	3,645,793	1,501,246
 Total Liabilities	 \$ 14,647,380	 \$ 16,494,460	 \$ 3,653,909	 \$ 3,306,628
 Net assets:				
Invested in capital assets, net of related debt	\$ 11,878,707	\$ 10,286,885	\$ 3,681,825	\$ 3,488,694
Restricted	525,009	500,371		
Unrestricted	6,039,253	5,460,935	(213,261)	(902,261)
 Total net assets	 \$ 18,442,969	 \$ 16,248,191	 \$ 3,468,563	 \$ 2,586,433

CHANGES IN IRON COUNTY'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Current</u>	<u>Prior</u>	<u>Current</u>	<u>Prior</u>
Revenues:				
Charges for services	\$ 6,510,483	\$ 7,329,258	\$ 4,802,312	3,033,324
Operating grants and contributions	3,681,473	4,071,058	53,310	19,867
Capital grants and contributions	1,320,284	693,109		
General revenues:				
Property taxes	5,730,110	4,917,637		
Other taxes	3,412,412	2,837,138		
Earnings on investments	293,434	159,957	9,444	12,466
Other revenue	721,367	219,833		
Total revenues	21,669,563	20,227,990	4,865,066	3,065,657
Expenses:				
General Government	6,449,341	3,879,935		
Public Safety	8,142,669	7,299,179		
Public Health	722,796	843,665		
Highways & Public Improvements	2,292,864	2,454,994		
Parks & Recreation	313,979	245,945		
Community & Economic Development	758,411	648,926		
Transfers & Other Uses				
Other Miscellaneous	300,006	421,046		
Sewer System			52,540	24,064
Solid Waste Landfill			1,054,192	910,819
Solid Waste Collection			244,339	241,988

Ambulance Service			1,532,933	1,255,096
Group Insurance			1,240,812	2,072,977
Fleet/Equipment Lease			352,822	304,219
Total expenses	18,980,066	15,793,690	4,477,638	4,809,163
Increase in net assets before transfers	2,689,497	4,434,300	387,428	(1,743,505)
Transfers (net)	(494,722)	(2,359,616)	494,722	2,359,616
Rounding				
Increase in net assets	2,194,775	2,074,684	882,151	616,111

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

As was previously noted, the County's governmental funds provide a short-term perspective of the County's general government operations and the financial resources available in the near future to finance the County's programs. Differences between available financial resources and the short-term obligations of general government operations are reported as fund balances. Fund balances are designated as either reserved or unreserved. Reserved fund balances indicate amounts of the fund balance set aside for specific purposes or to meet specific requirements.

As of December 31, 2006, the County's governmental funds, which include the general fund, all special revenue funds, debt service funds and capital project funds, report a combined fund balance of \$ 7,163,912. This combined balance represents a decrease of \$ 133,865 compared to last year's ending fund balances.

The general fund is the main operating fund of the County. All governmental-type activities not accounted for in a special revenue fund, debt service fund, enterprise fund or capital project fund are accounted for in the general fund. Accounting for activities in funds other than the general fund may be required by state regulations or local ordinances; or, the County may simply desire to isolate the revenues and expenditures associated with a particular activity for matching purposes.

The combined general fund balance increased \$ 257,403 to \$ 6,503,892 during the fiscal year ending December 31, 2006. The fund balance represents approximately 52 percent of budgeted expenditures for the fiscal year ending December 31, 2007.

As was previously noted, the County maintains four enterprise funds and two internal service funds reported as enterprise funds to account for its business-type activities. The separate enterprise fund statements provide the same information, with more detail, as the information provided for business-type activities in the government-wide financial statements.

BUDGETARY HIGHLIGHTS

The original 2006 adopted budget for the General Fund totaled \$12,213,815. The County Commission amended the original budget in December, 2006, revising the total to \$ 12,603,282, an increase of \$ 389,467. The increase is spread out fairly evenly in several county departments.

The Ambulance Service Fund, Group Insurance Fund, and Equipment Leasing Fund unrestricted net assets continues to be in a deficit position.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2006, the County had invested \$ 25,310,897, net of accumulated depreciation in capital assets, for its governmental and business-type activities.

IRON COUNTY'S CAPITAL ASSETS
(net of depreciation)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 6,446,018	\$ 163,429	\$ 6,609,447
Buildings	7,163,501	733,244	7,896,745
Improvements	6,551,911	93,443	6,645,354
Office equipment	431,959	7,499	439,458
Machinery & equipment	778,558	1,288,931	2,067,489
Automobiles & trucks	253,882	1,398,520	1,652,402
Rounding	1	1	
Total	<u>\$ 21,625,830</u>	<u>\$ 3,685,067</u>	<u>\$ 25,310,897</u>

Iron County's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$ 21,625,830 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads, highways and bridges. The total increase in Iron County's investment in capital assets for the current year was \$ 543,409.

* The Fleet/Equipment Lease Fund purchased equipment/vehicles in 2006 for the following departments:

Attorney	\$ 21,700
Human Resources	20,091
Sheriff	207,040
Building Inspector	48,483
Road Dept	278,452

Additional information regarding the County's capital assets can be found in the footnotes to the financial statement.

LONG-TERM DEBT

At December 31, 2006, the County had total debt outstanding of \$ 9,747,123.

IRON COUNTY'S OUTSTANDING DEBT 2006

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Municipal Building Authority:		
Lease Revenue Bonds	\$ 5,793,750	
Sales Tax Revenue Bonds	2,277,000	
Special Improvement Districts:		
Assessment Bonds	1,678,373	
Total	\$ 9,747,123	

ECONOMIC FACTORS

* The taxable value of property in Iron County increased 28.6% from a total of \$ 2,805,117,171 in 2005 to a total of \$ 3,607,848,792 in 2006, an increase of \$ 802,731,621 (source: Iron County State and Locally Assessed District Totals Report/Report of County Auditor to the State Tax Commission). While a portion of the added value can be attributed to reappraisal work by the Iron County Assessor, approximately 54% of the increase is due to new growth in the county.

* Residential building permits were down 18% from 2005, however, the value of the construction covered by the permits was only down 10%. This was due to the fact that the value of commercial permits was actually up by 4%. Job growth in Iron county was 6.5 percent and the unemployment rate was 2.5% at year end. (Source: Utah Department of Workforce Services, County Trends).

* Iron County's property tax rate decreased from the 2005 rate of .001962 to the 2006 rate of .001543. The decrease is attributed to the increase in market value.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide users with a general overview of the County's financial position and demonstrate accountability for the sources and uses of County funding. Questions concerning information contained in this report or requests for additional financial information should be addressed to the Iron County Auditor, Iron County Courthouse, P.O. Box 457, 68 South 100 East, Parowan, Utah, 84761.

BASIC FINANCIAL STATEMENTS

IRON COUNTY, UTAH

Statement of Net Assets

December 31, 2006

	Governmental Activities	Business Type Activities	Primary Government Total	Component Units
Assets:				
Current assets:				
Cash & cash equivalents	\$ 7,637,625	\$ 2,629,499	\$ 10,267,124	\$ 284,459
Accounts receivable		807,907	807,907	192,851
Property tax receivable	958,206		958,206	
Other receivables	2,550,945		2,550,945	
Due from other funds	317,744		317,744	
Capital assets, net of accumulated depreciation	21,625,830	3,685,067	25,310,897	225,964
Total assets	33,090,350	7,122,473	40,212,822	703,274
Liabilities and Net Assets				
Liabilities :				
Cash with negative balances	577,303	1,172,707	1,750,010	
Accounts payable	1,674,944	179,731	1,854,674	
Wages payable	251,917		251,917	
Other payables	73,026	13,076	86,102	
Accrued interest payable	138,536		138,536	
Due to other funds		317,744	317,744	
Compensated absences payable	461,113	52,374	513,487	
Estimated closure & post closure costs		1,910,161	1,910,161	
Deferred revenue	1,723,418		1,723,418	
Capital leases payable within one year		4,874	4,874	
Capital leases payable after one year		3,242	3,242	
Bonds payable				
Portion due within one year	663,676		663,676	2,955
Portion due after one year	9,083,447		9,083,447	13,984
Total liabilities	14,647,380	3,653,909	18,301,290	16,939
Net Assets:				
Invested in capital assets, net of related debt	11,878,707	3,681,825	15,560,532	
Restricted for:				
Debt service	525,009	-	525,009	
Other purposes		-	-	
Unrestricted	6,039,253	(213,261)	5,825,992	686,335
Total net assets	\$ 18,442,969	\$ 3,468,563	\$ 21,911,533	\$ 686,335

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Activities
Year Ended December 31, 2006

Functions	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 6,449,341	\$ 2,064,699	\$ 1,877,610	\$ -	\$ (2,507,032)
Public safety	8,142,669	4,137,615	126,524		(3,878,530)
Public health	722,796	6,610	219,172		(497,014)
Highways & public improvements	2,292,864	-	1,458,167	1,320,284	485,587
Parks & recreation	313,979	111,167			(202,812)
Community & economic development	758,411	190,392			(568,019)
Interest and fiscal charges	300,006				(300,006)
Total governmental activities	18,980,066	6,510,483	3,681,473	1,320,284	(7,467,826)
Business-type activities:					
Solid waste landfill	1,054,192	1,639,295			585,103
Ambulance service fund	1,532,933	1,342,806	53,310		(136,817)
Group insurance	1,240,812	1,406,030			165,218
Sewer service fund	52,540	94,813			42,274
Solid waste collection	244,339	319,368			75,029
Equipment leasing fund	352,822	-			(352,822)
Total business-type activities	4,477,638	4,802,312	53,310	-	377,984
Total primary government	\$ 23,457,703	\$ 11,312,795	\$ 3,734,783	\$ 1,320,284	\$ (7,089,841)
Component units:					
Mountain View SSD	\$ 22,010	\$ 15,136	\$ -	\$ -	\$ (6,874)
Summit SSD	30,946	32,008			1,062
Iron County SSD#3	22	94,858			94,836
Total business-type activities	\$ 52,978	\$ 142,002	\$ -	\$ -	\$ 89,024

(Continued on page 14)

IRON COUNTY, UTAH
Statement of Activities
Year Ended December 31, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue from previous page	\$ (7,467,826)	\$ 377,984	\$ (7,089,841)	\$ 89,024
General revenues:				
Taxes:				
Property taxes, levied for general purposes	5,730,110		5,730,110	
General sales and use taxes	3,412,412		3,412,412	
Earnings on investments	293,434	9,444	302,878	2225
Miscellaneous	721,367		721,367	
Operating transfers in (out)	(494,722)	494,722	-	
Total general revenues and transfers	9,662,601	504,166	10,166,767	2,225
Increase (decrease) in net assets	2,194,775	882,151	3,076,926	91,249
Net assets - beginning	16,248,194	2,586,413	18,834,607	595,086
Net assets - ending	<u>\$ 18,442,969</u>	<u>\$ 3,468,563</u>	<u>\$ 21,911,533</u>	<u>\$ 686,335</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

IRON COUNTY, UTAH
Balance Sheet
Governmental Funds
December 31, 2006

	General	Municipal Services	Class B & Collector Road	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash & cash equivalents	\$ 6,577,324	\$ 484,258	\$ 51,867	\$ 524,176	\$ 7,637,625
Due from other funds	317,744				317,744
Taxes Receivable	958,206				958,206
Other receivables	326,998	43,694	24,100	2,156,154	2,550,945
Total assets	<u>\$ 8,180,271</u>	<u>\$ 527,951</u>	<u>\$ 75,967</u>	<u>\$ 2,680,330</u>	<u>\$ 11,464,520</u>
Liabilities:					
Cash with negative balances	\$ 115,835	\$ -	\$ -	\$ 461,468	\$ 577,303
Accounts payable	1,262,445	115,907	265,810	30,782	1,674,944
Wages payable	251,917				251,917
Other payables	46,183	13,578	8,365	4,900	73,026
Deferred revenue	-			1,723,418	1,723,418
Total liabilities	<u>1,676,380</u>	<u>129,485</u>	<u>274,175</u>	<u>2,220,568</u>	<u>4,300,608</u>
Fund balances:					
Reserved	500,371			109,274	609,645
Unreserved, undesignated	6,003,521	398,467	(198,208)	350,488	6,554,267
Total fund balances	<u>6,503,892</u>	<u>398,467</u>	<u>(198,208)</u>	<u>459,762</u>	<u>7,163,912</u>
Total liabilities and fund balances	<u>\$ 8,180,271</u>	<u>\$ 527,951</u>	<u>\$ 75,967</u>	<u>\$ 2,680,330</u>	<u>\$ 11,464,520</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2006

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 7,163,912
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$58,238,164 and the accumulated depreciation is \$36,612,334.	21,625,830
Long-term Obligations	(10,346,773)
Total net assets - governmental activities	<u>\$ 18,442,969</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2006

	General	Municipal Services	Class B & Collector Road	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 7,304,524	\$ 692,175	\$ -	\$ 1,146,873	\$ 9,143,571
Interest earnings	178,775	1,287	15,243	97,080	292,385
Licenses and permits	98,248	653,510		-	751,757
Intergovernmental revenues	3,877,438	103,433	1,458,167	-	5,439,038
Charges for services	1,488,581	86,301		73,319	1,648,201
Fines and forfeitures	1,415,287				1,415,287
Miscellaneous	568,511	25,927	24,243	1,040,357	1,659,039
Total Revenues	<u>14,931,365</u>	<u>1,562,633</u>	<u>1,497,653</u>	<u>2,357,629</u>	<u>20,349,279</u>
EXPENDITURES:					
General government	6,485,543	123,235		911	6,609,690
Public safety	4,318,305	3,472,625		-	7,790,929
Public health	707,209			-	707,209
Highways & public improvements			2,364,627	-	2,364,627
Parks & recreation	228,550	51,414		-	279,964
Capital outlay				-	-
Community & economic development	675,038			-	675,038
Debt service				1,560,966	1,560,966
Total Expenditures	<u>12,414,645</u>	<u>3,647,274</u>	<u>2,364,627</u>	<u>1,561,877</u>	<u>19,988,422</u>
Excess of Revenues over (under) Expenditures	<u>2,516,720</u>	<u>(2,084,641)</u>	<u>(866,974)</u>	<u>795,752</u>	<u>360,857</u>
OTHER FINANCING SOURCES (USES):					
Debt proceeds				-	-
Operating transfers in	2,198,798	2,351,873	795,373	884,518	6,230,562
Operating transfers out	(4,458,115)	(240,662)	(216,047)	(1,810,460)	(6,725,284)
Total Other Financing Sources (Uses)	<u>(2,259,317)</u>	<u>2,111,211</u>	<u>579,326</u>	<u>(925,942)</u>	<u>(494,722)</u>
Excess of revenues and other sources over (under) expenditures and other uses	257,403	26,570	(287,648)	(130,190)	(133,865)
FUND BALANCES JANUARY 1	6,246,488	371,896	89,440	589,952	7,297,776
FUND BALANCES DECEMBER 31	<u>\$ 6,503,892</u>	<u>\$ 398,467</u>	<u>\$ (198,208)</u>	<u>\$ 459,762</u>	<u>\$ 7,163,912</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended December 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds **\$ (133,865)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	691,091	
Depreciation expense	<u>(1,650,781)</u>	(959,690)

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of bond principal	<u>1,231,228</u>	1,231,228
Contributions from developers		1,320,284
Accrued interest on long-term debt		29,732
Net increase in compensated absences payable		(27,228)
Long-term inter-local agreements payable		<u>734,313</u>
Change in net assets of governmental activities		<u>\$ 2,194,775</u>

IRON COUNTY, UTAH
Statement of Net Assets
Major Proprietary Funds
December 31, 2006

	Solid Waste Landfill	Ambulance Service Fund	Group Insurance	Equipment Leasing Fund	Non-major Proprietary Funds	Total
Assets						
Current assets:						
Cash & cash equivalents	\$ 2,109,653	\$ -	\$ 116,951	\$ 16,930	\$ 385,966	\$ 2,629,499
Accounts receivable (net of allowance)	139,053	584,342			84,512	807,907
Total current assets	2,248,705	584,342	116,951	16,930	470,478	3,437,406
Long-term assets:						
Capital assets, net of accumulated depreciation	888,025	1,185,887		1,417,498	193,657	3,685,067
Total long-term assets	888,025	1,185,887		1,417,498	193,657	3,685,067
Total assets	3,136,730	1,770,229	116,951	1,434,428	664,135	7,122,473
Liabilities and Net Assets						
Liabilities:						
Current liabilities:						
Negative cash balance		1,172,707				1,172,707
Accounts payable	114,109	45,502		20,091	29	179,731
Other payables	4,866	7,658			553	13,076
Due to other funds			317,744			317,744
Compensated absences payable	31,099	11,073			10,202	52,374
Capital leases payable within one year		4,874				4,874
Capital leases payable after one year		3,242				3,242
Total current liabilities	150,073	1,245,056	317,744	20,091	10,784	1,743,748
Non-current liabilities						
Estimated closure & post closure costs	1,910,161					1,910,161
Total non-current liabilities	1,910,161	-	-	-	-	1,910,161
Total liabilities	2,060,235	1,245,056	317,744	20,091	10,784	3,653,909
Net assets:						
Invested in capital assets, net of related debt	888,025	1,182,645		1,417,498	193,657	3,681,825
Restricted for:						
Debt service						
Other purposes						
Unrestricted	188,471	(657,472)	(200,794)	(3,161)	459,694	(213,261)
Total net assets	\$ 1,076,495	\$ 525,173	\$ (200,794)	\$ 1,414,337	\$ 653,351	\$ 3,468,563

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Revenues, Expenses and Changes in Net Assets
Major Proprietary Funds
Year Ended December 31, 2006

	Solid Waste Landfill	Ambulance Service Fund	Group Insurance	Equipment Leasing Fund	Non-major Proprietary Funds	Total
Operating revenues:						
Charges for services	\$ 1,639,287	\$ 1,324,462	\$ -	\$ -	\$ 346,377	\$ 3,310,126
Connection fees					67,805	67,805
Miscellaneous	8	18,344	1,406,030			1,424,382
Total operating revenues	<u>1,639,295</u>	<u>1,342,806</u>	<u>1,406,030</u>	<u>-</u>	<u>414,182</u>	<u>4,802,312</u>
Operating expenses:						
Salaries & wages	482,347	991,062			143,932	1,617,342
Materials & supplies	77,856	155,166			81,636	314,659
Contract services	32,616	53,541				86,157
Closure & post closure costs	81,000					81,000
Other current expense		43,815				43,815
Auto expenses	221,527	92,295			38,107	351,929
Insurance Expenses		6,655	1,240,812			1,247,467
Travel	1,139	50,237				51,376
Utilities	12,135	26,889			139	39,164
Depreciation	131,582	113,273		352,822	33,064	630,741
Total operating expenses	<u>1,040,202</u>	<u>1,532,933</u>	<u>1,240,812</u>	<u>352,822</u>	<u>296,879</u>	<u>4,463,648</u>
Operating income (loss)	<u>599,093</u>	<u>(190,127)</u>	<u>165,218</u>	<u>(352,822)</u>	<u>117,303</u>	<u>338,665</u>
Nonoperating income (expense):						
Interest earnings	1,193	-	1,690	26	6,536	9,444
Grant revenue		53,310				53,310
Interest & fiscal charges	(13,990)					(13,990)
Total nonoperating income	<u>(12,797)</u>	<u>53,310</u>	<u>1,690</u>	<u>26</u>	<u>6,536</u>	<u>48,764</u>
Net income (loss) before transfers	<u>586,295</u>	<u>(136,817)</u>	<u>166,908</u>	<u>(352,796)</u>	<u>123,839</u>	<u>387,428</u>
Transfer In		(5,211)		499,933		494,722
Transfer Out						
Change in net assets	<u>586,295</u>	<u>(142,028)</u>	<u>166,908</u>	<u>147,137</u>	<u>123,839</u>	<u>882,150</u>
Net assets - beginning	<u>490,200</u>	<u>667,201</u>	<u>(367,701)</u>	<u>1,267,201</u>	<u>529,512</u>	<u>2,586,413</u>
Net assets - ending	<u>\$ 1,076,495</u>	<u>\$ 525,173</u>	<u>\$ (200,794)</u>	<u>\$ 1,414,337</u>	<u>\$ 653,351</u>	<u>\$ 3,468,563</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Cash Flows
Major Proprietary Funds
Year Ended December 31, 2006

	Solid Waste Landfill	Ambulance Service Fund	Group Insurance	Equipment Leasing Fund	Non-major Proprietary Funds	Total
Cash flows from operating activities:						
Cash received from customers	\$ 1,625,925	\$ 1,231,418	\$ 1,406,030	\$ -	\$ 390,638	\$ 4,654,010
Cash payments to suppliers for goods and services	(356,631)	(375,674)	(1,240,812)	20,091	(119,299)	(2,072,325)
Cash payments to employees for services	(480,990)	(993,012)	-	-	(137,405)	(1,611,407)
Net cash provided (used) by operating activities	<u>788,304</u>	<u>(137,268)</u>	<u>165,218</u>	<u>20,091</u>	<u>133,934</u>	<u>970,278</u>
Cash flows from noncapital financing activities:						
Operating transfers (to) from other funds	-	(5,211)	-	499,933	-	494,722
Net cash (used) by noncapital financing activities	<u>-</u>	<u>(5,211)</u>	<u>-</u>	<u>499,933</u>	<u>-</u>	<u>494,722</u>
Cash flows from capital and related financing activities:						
Cash received from grants	-	53,310	-	-	-	53,310
Other receipts (payments)	-	-	-	-	-	-
Acquisition of capital assets	(78,905)	(158,348)	-	(575,740)	-	(812,993)
Interest paid on capital debt	(13,990)	-	-	-	-	(13,990)
Principal paid on long-term obligations	-	(5,442)	-	-	-	(5,442)
Net cash (used) by capital and related activities	<u>(92,895)</u>	<u>(110,480)</u>	<u>-</u>	<u>(575,740)</u>	<u>-</u>	<u>(779,115)</u>
Cash flows from investing activities						
Interest received	1,193	-	1,690	-	6,534	9,417
Net cash (used) by investing activities	<u>1,193</u>	<u>-</u>	<u>1,690</u>	<u>-</u>	<u>6,534</u>	<u>9,417</u>
Net increase in cash and cash equivalents	<u>696,602</u>	<u>(252,959)</u>	<u>166,908</u>	<u>(55,716)</u>	<u>140,468</u>	<u>695,302</u>
Cash and Cash Equivalents - Beginning	<u>1,413,051</u>	<u>(919,748)</u>	<u>(49,957)</u>	<u>72,646</u>	<u>245,498</u>	<u>761,490</u>
Cash and Cash Equivalents - Ending	<u>\$ 2,109,653</u>	<u>\$ (1,172,707)</u>	<u>\$ 116,951</u>	<u>\$ 16,930</u>	<u>\$ 385,966</u>	<u>\$ 1,456,792</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 599,093	\$ (190,127)	\$ 165,218	\$ (352,822)	\$ 117,304	\$ 338,666
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	131,582	113,273	-	352,822	33,064	630,741
Increase decrease accounts receivable	(13,362)	(111,388)	-	-	(23,544)	(148,294)
Increase decrease in accounts payable	(48,704)	45,266	-	20,091	30	16,683
Increase decrease in other payables	118,338	7,658	-	-	553	126,549
Increase decrease in compensated absences	1,357	(1,950)	-	-	6,527	5,934
Total adjustments	<u>189,211</u>	<u>52,859</u>	<u>-</u>	<u>372,913</u>	<u>16,630</u>	<u>631,613</u>
Net cash provided (used) by operating activities	<u>\$ 788,304</u>	<u>\$ (137,268)</u>	<u>\$ 165,218</u>	<u>\$ 20,091</u>	<u>\$ 133,934</u>	<u>\$ 970,278</u>

The notes to the financial statements are an integral part of this statement.

IRON COUNTY, UTAH
Statement of Fiduciary Net Assets
Agency Funds
December 31, 2006

	<u>Total</u>
Assets	
Cash & cash equivalents	\$ 8,249,561
Taxes receivable	528,914
Total assets	<u>\$ 8,778,475</u>
Liabilities	
Due to taxing units	\$ 8,778,475
Total liabilities	<u>\$ 8,778,475</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Iron County, Utah have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The accompanying basic financial statements present the financial position of various fund types and account groups and the results of operations of the various fund types. The basic financial statements are presented for the year ended December 31, 2006.

A. Reporting Entity

For financial reporting purposes, Iron County, Utah has included all funds and account groups. The County has also considered all potential component units for which it is financially accountable and that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these basic financial statements present Iron County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Iron County is not a component unit of any other government.

Discretely Presented Component Units:

Mountain View Special Service District

The Mountain View Special Service District has a separately appointed board and provides services to residents within the geographic boundaries of the government. The District provides water utility services to some residents within the unincorporated areas of the County. No separate audit report is issued.

Summit Special Service District

The Summit Special Service District has a separately appointed board and provides services within the geographic boundaries of the government. The District provides water utility services to some residents within the unincorporated areas of the County. No separate audit report is issued.

Iron County Special Service District #3

The Iron County Special Service District #3 has a separate board of directors and provides construction, repair, and maintenance of roads within the unincorporated areas of Iron County. No separate audit report is issued.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C: Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Iron County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Municipal Services Fund accounts for revenue from, and services provided to, the area within the geographic boundaries of the County but outside of any municipal boundaries.

The Class B and Collector Road Fund accounts for revenue collected for maintenance and construction of roads.

The County reports the following major proprietary funds:

The Solid Waste Landfill Fund accounts for revenues and expenditures of the county's landfill operations.

The Ambulance Fund accounts for the operations of the ambulance service.

The Group Insurance Fund accounts for transactions of the County's group insurance plan.

The Equipment Leasing Fund accounts for transactions involving county equipment.

Iron County Special Service District #3 accounts for funds received generally from state allocated mineral lease funds and expends those funds for construction, repairs and maintenance of roads in the unincorporated areas of Iron County.

The Mountain View Special Service District collects charges for water utility services provided to some residents within the unincorporated areas of the County.

The Summit Special Service District also collects charges for water utility services to some residents within the unincorporated areas for the County.

The Treasurer's Tax Collection Agency Fund is used to account for taxes collected by the County Treasurer but not paid as a December 31 to the taxing entities within the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D: Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Improvements Other Than Buildings	20 Years
Equipment	5 Years

Compensated Absences:

The County has a policy which allows full time employees to accumulate vacation pay and comp-time. For most employees, the County allows vacation hours to accumulate up to a maximum of 320 hours at year end payable at termination. The maximum comp-time payable is 80 hours.

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Reconciliation of Government-Wide and Fund Financial Statements:

A. Explanation of certain differences between the governments fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. These differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant, & equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 58,238,164
Accumulated depreciation	<u>(36,612,334)</u>
Total difference	<u>\$ 21,625,830</u>

Long-term liabilities:

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.

Accrued interest on long term obligations	\$ (138,536)
Principal portion of bonds and leases	(9,747,123)
Compensated absences	<u>(461,113)</u>
Total difference	<u>\$(10,346,772)</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Explanation of differences between governmental fund operating statements and the statement of net activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net differences, the elements of this difference are as follows:

Capital outlay	\$ 691,091
Depreciation expense	<u>(1,650,781)</u>
Net difference as reported	<u><u>\$ (959,690)</u></u>

The governmental funds report bond proceeds as an other financing sources, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of bond principal	\$ 1,231,228
	<u><u>\$ 1,231,228</u></u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds. The detail of this difference is as follows:

Accrued interest on long-term debt	\$ 29,732
Contributions from developers	1,320,284
Net decrease in inter-local agreement	734,314
Compensated Absences	<u>(27,228)</u>
Total Adjustment	<u><u>\$ 2,057,102</u></u>

F: Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G: Property Tax Calendar:

- | | |
|-----------|--|
| January 1 | Lien Date – All property appraised based upon situs and status as of this date (real and personal). |
| March 1 | Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice. |
| June 22 | All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor. |
| July 22 | County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |
| Sept. 1 | State Tax Commission approves tax rates. |
| Nov. 1 | County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit. |
| Nov. 1 | County auditor to charge the County Treasurer to account for all taxes levied. |
| Nov. 1 | County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings. |
| Nov. 30 | Taxes on real property become delinquent. |

H: Budgets and Budgetary Accounting:

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction. The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the County Commission in the month of November, the County Auditor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the County Commission makes final adjustments to the tentative budget.
4. On or before December 15, the County Commission adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The Budget officer may transfer unexpended budgeted amounts within departments.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. The County Commission may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the County Commission.
8. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Counties require Counties to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance – budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

NOTE 2: CASH AND INVESTMENTS

The County and component units maintain a cash and investment pool, which includes the cash account and several investments. The County also has deposits held by the Trust Department of US Bank as fiscal agent for bonds issued.

Deposits and investments for local governments are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council").

The County's deposit and investment policy is to follow the Utah Money Management Act and rules of the Utah Money Management Council. However, the County does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the County is exposed.

Utah State law requires that County funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the County and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 2: CASH AND INVESTMENTS - CONTINUED

As of December 31, 2006, the County and its component units had the following deposits and investments:

<u>Deposit and investment type</u>	<u>Fair Value</u>
County:	
Cash on deposit	\$ 481,161
State Treasurer's investment pool	7,510,944
Cash with Fiscal Agent	<u>525,008</u>
	<u>\$ 8,517,113</u>
Component units:	
Cash or Deposit	\$ 252,856
State Treasurers investment pool	<u>31,603</u>
	<u>\$ 284,459</u>

The following paragraphs discuss the County's exposure to various risks related to its cash management activities.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be recovered. The County's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the County to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2006, \$381,161 of the County's bank balances of \$481,161 were uninsured and uncollateralized. As of December 31, 2006 \$66,392 of the Component Unit's bank balances of \$252,856 were uninsured and uncollateralized.

Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk of investments. The County's investment in the Utah Public Treasurer's Investment Fund has no custodial risk.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The County's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 2: CASH AND INVESTMENTS - CONTINUED

The County is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

Following are the County's and its component units investments at December 31, 2006.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF	\$8,035,952	less than 1 year	not rated

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The County manages its exposure to declines in fair value by solely investing in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the County's investments are noted above.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy to limit this risk is to adhere to the rules of the Money Management Council. The Council's rule 17 limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the County's portfolio at the time of purchase.

As of year end, the County had no investments other than an investment in the Utah Public Treasurer's Investment Fund.

NOTE 3. COMPENSATED ABSENCES:

Compensated absences of Iron County represent accrued vacation and sick pay at December 31, 2006, in the amount of \$513,487.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 4. CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 6,294,863	\$ 151,155	\$	\$6,446,018
Total capital assets, not being depreciated	<u>6,294,863</u>	<u>151,155</u>		<u>6,446,018</u>
Capital assets, being depreciated:				
Building	15,038,696			15,038,696
Improvements other than buildings	29,759,900	546,672		30,306,572
Office furniture and equipment	498,856	453,842		952,698
Machinery & Equipment	2,847,238	154,233		3,001,471
Automobiles & Trucks	1,787,236	39,472		1,826,708
Total capital assets, being depreciated	<u>49,931,926</u>	<u>1,194,219</u>		<u>51,126,145</u>
Accumulated depreciation for:				
Buildings	7,546,180	329,015		7,875,195
Improvements other than buildings	23,469,527	951,135		24,420,662
Office furniture and equipment	435,212	85,527		520,739
Machinery & Equipment	2,053,706	169,206		2,222,912
Automobiles & Trucks	1,456,928	115,897		1,572,825
Total accumulated depreciation	<u>34,961,553</u>	<u>1,650,780</u>		<u>36,612,333</u>
Total capital assets, being depreciated, net	<u>14,970,373</u>	<u>209,440</u>		<u>15,179,813</u>
Governmental activities capital assets, net	<u>\$21,265,236</u>	<u>\$ 360,595</u>		<u>\$21,625,830</u>

Business type activities:

Capital assets, not being depreciated

Land	\$ 163,429	\$	\$	\$ 163,429
Total capital assets, not being depreciated	<u>163,429</u>			<u>163,429</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 4: CAPITAL ASSETS - CONTINUED

Capital assets, being depreciated:

Building	930,065		930,065
Improvements other than buildings	202,145		202,145
Office Furniture & Equipment		20,794	20,794
Machinery & Equipment	2,546,570	333,911	2,880,481
Automobiles & Trucks	<u>2,845,613</u>	<u>458,850</u>	<u>3,304,463</u>
Total capital assets, being depreciated	<u>6,524,393</u>	<u>813,555</u>	<u>7,337,948</u>

Accumulated depreciation for:

Building	149,485	47,336	196,821
Improvements other than buildings	98,952	9,750	108,702
Office Furniture & Equipment		13,294	13,294
Machinery & Equipment	1,397,557	193,993	1,591,550
Automobiles & Trucks	<u>1,539,575</u>	<u>366,368</u>	<u>1,905,943</u>
Total accumulated depreciation	<u>3,185,569</u>	<u>630,741</u>	<u>3,816,310</u>
Total capital assets, being depreciated,	<u>3,338,824</u>	<u>182,814</u>	<u>3,521,637</u>
Governmental activities capital assets, net	<u>\$ 3,502,253</u>	<u>\$ 182,814</u>	<u>\$ 3,685,067</u>

Depreciation was charged to functions as follows:

General government	\$ 440,000
Public safety	385,890
Public health	15,955
Highways & Public improvements	649,660
Parks & recreation	45,879
Community & economic development	<u>113,397</u>
Total	<u>\$ 1,650,781</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT:

The following is a summary of long-term debt transactions of the County for the fiscal year ended December 31, 2006:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year
Compensated Absences	\$ 480,325	\$ 19,212	\$	\$ 461,113
Bonds	9,030,750		962,000	8,068,750
Special Assessment Bonds	1,947,601		269,228	1,678,373
	<u>\$ 11,458,676</u>	<u>\$ 19,212</u>	<u>\$ 1,231,228</u>	<u>\$ 10,208,236</u>

\$1,000,000 Community Impact Bonus Loan

Year	Principal Amount	Interest Amount	Total Amount
2007	\$ 47,000	\$ 20,100	\$ 67,100
2008	49,000	18,690	67,690
2009	50,000	17,220	67,220
2010	52,000	15,720	67,720
2011	53,000	14,160	67,160
2012	55,000	12,570	67,570
2013	56,000	10,920	66,920
2014	58,000	9,240	67,240
2015	60,000	7,500	67,500
2016	62,000	5,700	67,700
2017	63,000	3,840	66,840
2018	<u>65,000</u>	<u>1,950</u>	<u>66,950</u>
Total	<u>\$ 670,000</u>	<u>\$ 137,610</u>	<u>\$ 807,610</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$146,000 Special Assessment (Cross Hollow) Bonds Series 1996

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2007	\$ 11,000	\$ 3,838	\$ 14,838
2008	12,000	3,158	15,158
2009	13,000	2,437	15,437
2010	13,000	1,672	14,672
2011	<u>14,000</u>	<u>860</u>	<u>14,860</u>
Total	<u>\$ 63,000</u>	<u>\$ 11,965</u>	<u>\$ 74,965</u>

\$250,000 Community Impact Mineral Lease Loan

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2007	\$ 12,000	\$ 5,040	\$ 17,040
2008	12,000	4,680	16,680
2009	13,000	4,320	17,320
2010	13,000	3,930	16,930
2011	13,000	3,540	16,540
2012	14,000	3,150	17,150
2013	14,000	2,730	16,730
2014	15,000	2,310	17,310
2015	15,000	1,860	16,860
2016	15,000	1,410	16,410
2017	16,000	960	16,960
2018	<u>16,000</u>	<u>480</u>	<u>16,480</u>
Total	<u>\$ 168,000</u>	<u>\$ 34,410</u>	<u>\$ 202,410</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$752,000 Special Improvement District Bonds Series 1999

Year	Principal Amount	Interest Amount	Total Amount
2007	\$ 85,000	\$ 14,338	\$ 99,338
2008	89,000	9,791	98,791
2009	<u>95,000</u>	<u>4,976</u>	<u>99,976</u>
Total	<u>\$ 269,000</u>	<u>\$ 29,105</u>	<u>\$ 298,105</u>

\$150,000 Lease Revenue Bonds Series 2000

Year	Principal Amount	Interest Amount	Total Amount
2007	\$ 7,000	\$ 2,825	\$ 9,825
2008	7,000	2,650	9,650
2009	7,000	2,475	9,475
2010	7,000	2,300	9,300
2011	8,000	2,125	10,125
2012	8,000	1,925	9,925
2013	8,000	1,725	9,725
2014	8,000	1,525	9,525
2015	8,000	1,325	9,325
2016	9,000	1,125	10,125
2017	9,000	900	9,900
2018	9,000	675	9,675
2019	9,000	450	9,450
2020	<u>9,000</u>	<u>225</u>	<u>9,225</u>
Total	<u>\$ 113,000</u>	<u>\$ 22,250</u>	<u>\$ 135,250</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$465,000 Fiddlers Canyon Flood Control Special Assessment Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2007	\$ 45,000	\$ 12,588	\$ 57,588
2008	50,000	10,518	60,518
2009	50,000	8,143	58,143
2010	55,000	5,693	60,693
2011	<u>55,000</u>	<u>2,888</u>	<u>57,888</u>
Total	<u>\$ 255,000</u>	<u>\$ 39,830</u>	<u>\$ 294,830</u>

\$1,143,750 Lease Revenue Bonds Series 2001

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2007	\$ 48,000	\$ 25,144	\$ 73,144
2008	50,000	23,944	73,944
2009	51,000	22,694	73,694
2010	52,000	21,419	73,419
2011	53,000	20,119	73,119
2012	55,000	18,794	73,794
2013	56,000	17,418	73,418
2014	57,000	16,018	73,018
2015	59,000	14,594	73,594
2016	60,000	13,119	73,119
2017	62,000	11,619	73,619
2018	63,000	10,069	73,069
2019	65,000	8,494	73,494
2020	67,000	6,868	73,868
2021	68,000	5,194	73,194
2022	69,000	3,494	72,494
2023	<u>70,750</u>	<u>1,770</u>	<u>72,520</u>
Total	<u>\$ 1,005,750</u>	<u>\$ 240,771</u>	<u>\$ 1,246,521</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$385,000 MBA Lease Revenue Refunding Bonds Series 2003

Year	Principal Amount	Interest Amount	Total Amount
2007	\$ 66,000	\$ 5,560	\$ 71,560
2008	73,000	2,920	75,920
Total	<u>\$ 139,000</u>	<u>\$ 8,480</u>	<u>\$ 147,480</u>

\$1,650,000 Lease Revenue Refunding Bonds Series 2003A

Year	Principal Amount	Interest Amount	Total Amount
2007	\$ 69,000	\$ 36,275	\$ 105,275
2008	71,000	34,550	105,550
2009	73,000	32,775	105,775
2010	75,000	30,950	105,950
2011	77,000	29,075	106,075
2012	79,000	27,150	106,150
2013	81,000	25,175	106,175
2014	83,000	23,150	106,150
2015	85,000	21,075	106,075
2016	87,000	18,950	105,950
2017	89,000	16,775	105,775
2018	91,000	14,550	105,550
2019	94,000	12,275	106,275
2020	96,000	9,925	105,925
2021	98,000	7,525	105,525
2022	100,000	5,075	105,075
2023	103,000	2,575	105,575
Total	<u>\$ 1,451,000</u>	<u>\$ 347,825</u>	<u>\$ 1,798,825</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$1,475,000 Special Assessment Bonds Series 2003

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2007	\$ 137,676	\$ 44,965	\$ 182,641
2008	143,348	39,292	182,640
2009	149,254	33,386	182,640
2010	155,403	27,237	182,640
2011	161,806	20,835	182,641
2012	168,472	14,168	182,640
2013	175,414	7,227	182,641
 Total	 <u>\$ 1,091,373</u>	 <u>\$ 187,110</u>	 <u>\$ 1,278,483</u>

\$678,000 Sales Tax Refunding Bonds Series 2001

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2007	\$ 72,000	\$ 18,874	\$ 90,874
2008	74,000	16,190	90,190
2009	82,000	13,162	95,162
2010	94,000	9,642	103,642
2011	95,000	5,815	100,815
2012	91,000	1,934	92,934
			0
 Total	 <u>\$ 508,000</u>	 <u>\$ 65,617</u>	 <u>\$ 573,617</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$50,000 Taxable Lease Revenue Bonds Series 2003B

<u>Year</u>	<u>Principal Amount</u>	<u>Total Amount</u>
2007	\$ 2,000	\$ 2,000
2008	2,000	2,000
2009	2,000	2,000
2010	2,000	2,000
2011	2,000	2,000
2012	2,000	2,000
2013	2,000	2,000
2014	3,000	3,000
2015	3,000	3,000
2016	3,000	3,000
2017	3,000	3,000
2018	3,000	3,000
2019	3,000	3,000
2020	3,000	3,000
2021	3,000	3,000
2022	3,000	3,000
2023	3,000	3,000
Total	<u>\$ 44,000</u>	<u>\$ 44,000</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$2,500,000 Limited Obligation Sales Tax Revenue Bonds Series 2003

Year	Principal Amount	Interest Amount	Total Amount
2007	\$ 79,000	\$ 56,875	\$ 135,875
2008	81,000	54,900	135,900
2009	83,000	52,875	135,875
2010	84,000	50,800	134,800
2011	87,000	48,700	135,700
2012	89,000	46,525	135,525
2013	92,000	44,300	136,300
2014	94,000	42,000	136,000
2015	96,000	39,650	135,650
2016	98,000	37,250	135,250
2017	101,000	34,800	135,800
2018	103,000	32,275	135,275
2019	106,000	29,700	135,700
2020	108,000	27,050	135,050
2021	111,000	24,350	135,350
2022	114,000	21,575	135,575
2023	117,000	18,725	135,725
2024	120,000	15,800	135,800
2025	123,000	12,800	135,800
2026	126,000	9,725	135,725
2027	129,000	6,575	135,575
2028	<u>134,000</u>	<u>3,350</u>	<u>137,350</u>
Total	<u>\$ 2,275,000</u>	<u>\$ 710,600</u>	<u>\$ 2,985,600</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$2,077,000 Lease Revenue Bonds Series 2004

Year	Principal Amount	Interest Amount	Total Amount
2007	\$ 50,000	\$ 49,550	\$ 99,550
2008	51,000	48,300	99,300
2009	52,000	47,025	99,025
2010	54,000	45,725	99,725
2011	55,000	44,375	99,375
2012	56,000	43,000	99,000
2013	58,000	41,600	99,600
2014	59,000	40,150	99,150
2015	61,000	38,675	99,675
2016	62,000	37,150	99,150
2017	63,000	35,600	98,600
2018	65,000	34,025	99,025
2019	67,000	32,400	99,400
2020	68,000	30,725	98,725
2021	70,000	29,025	99,025
2022	72,000	27,275	99,275
2023	74,000	25,475	99,475
2024	76,000	23,625	99,625
2025	78,000	21,725	99,725
2026	80,000	19,775	99,775
2027	81,000	17,775	98,775
2028	83,000	15,750	98,750
2029	86,000	13,675	99,675
2030	88,000	11,525	99,525
2031	90,000	9,325	99,325
2032	92,000	7,075	99,075
2033	94,000	4,775	98,775
2034	<u>97,000</u>	<u>2,425</u>	<u>99,425</u>
Total	<u>\$ 1,982,000</u>	<u>\$ 797,525</u>	<u>\$ 2,779,525</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

\$231,000 Lease Revenue Bonds Series 2005

Year	Principal Amount	Interest Amount	Total Amount
2007	\$ 5,000	\$ 5,525	\$ 10,525
2008	6,000	5,400	11,400
2009	6,000	5,250	11,250
2010	6,000	5,100	11,100
2011	6,000	4,950	10,950
2012	6,000	4,800	10,800
2013	6,000	4,650	10,650
2014	7,000	4,500	11,500
2015	7,000	4,325	11,325
2016	7,000	4,150	11,150
2017	7,000	3,975	10,975
2018	7,000	3,800	10,800
2019	7,000	3,625	10,625
2020	8,000	3,450	11,450
2021	8,000	3,250	11,250
2022	8,000	3,050	11,050
2023	8,000	2,850	10,850
2024	8,000	2,650	10,650
2025	9,000	2,450	11,450
2026	9,000	2,225	11,225
2027	9,000	2,000	11,000
2028	9,000	1,775	10,775
2029	9,000	1,550	10,550
2030	10,000	1,325	11,325
2031	10,000	1,075	11,075
2032	10,000	825	10,825
2033	11,000	575	11,575
2034	12,000	300	12,300
Total	<u>\$ 221,000</u>	<u>\$ 89,400</u>	<u>\$ 310,400</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 5. CHANGES IN LONG-TERM DEBT – CONTINUED

Component Units:

Summit Special District Revenue Bonds			
Year	Principal Amount	Interest Amount	Total Amount
2007	\$ 3,103	\$ 847	\$ 3,950
2008	3,258	692	3,950
2009	3,421	529	3,950
2010	3,592	358	3,950
2011	<u>3,475</u>	<u>178</u>	<u>3,653</u>
Total	<u>\$ 16,849</u>	<u>\$ 2,604</u>	<u>\$ 19,453</u>

NOTE 6. DEFINED BENEFIT PENSION PLAN

Plan Description. Iron County contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System and Public Safety Retirement System for employers with (without) Social Security coverage, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy. As of December 31, plan members in the Local Governmental Contributory Retirement System are required to contribute 6% of their annual covered salary (all or part may be paid by the employer for the employee) and Iron County is required to contribute 7.58% of their annual covered salary. In the Local Governmental Noncontributory Retirement System Iron County is required to contribute 11.59% of their annual covered salary. In the Public Safety Retirement System for employers with (without) Social Security coverage division members are required to contribute 22.38% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Iron County's contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2006, 2005 and 2004 were \$3,774, \$3,402 and \$3,483 respectively and for the Noncontributory Retirement System the contributions for December 31, 2006, 2005 and 2004 were \$439,522, \$365,739 and \$320,794 respectively and for the Public Safety Retirement System the contributions for December 31, 2006, 2005, 2004 were \$507,749, \$430,628 and \$378,307 respectively. The contributions were equal to the required contributions for each year.

NOTE 7. RISK MANAGEMENT:

Iron County is subject to various types of risk such as tort actions, theft, damage, or destruction of assets by intent or acts of God, and job related illnesses or injury.

The County has procured commercial insurance coverage, which in the County's estimation, is adequate to reduce the risk of loss to a manageable level.

NOTE 8. LITIGATION

The County is involved in several matters of litigation or threatened litigation, the outcomes of which are unclear at this time. Major cases in question include the following:

One case involves a tax appeal with an amount in question of approximately \$40,000. In a second case, a claimant is requesting damages of \$30,000 as the result of an accident involving a sheriff's department vehicle. A third asks for damages in a slip and fall accident.

Three other lawsuits have been threatened but have not yet been filed. The County believes the outcomes will be favorable.

NOTE 9. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

Engineering studies contracted for by Iron County estimate closure and post-closure costs for landfills located within the County to be \$1,782,213. The breakdown of these costs are as follows:

Closure Costs:

Engineering	\$ 67,414
Construction	1,012,637
5% Contract Performance Bond	50,632
Legal Fees (25% of total)	<u>282,671</u>
Total Closure Costs	\$1,413,354

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 9. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS - CONTINUED

Post-Closure Costs:

Site Inspection	\$ 87,293
Ground Water Monitoring	216,300
Gas Monitoring	30,900
Construction Cost	30,900
Leachate Monitoring	18,540
Contingency (10%)	<u>38,393</u>
Total Post-Closure Costs	<u>422,326</u>

Total Closure and Post-Closure Costs \$ 1,835,680

As of the date of this report, the County has not been notified of any corrective actions that need to be taken towards the landfills.

The County estimates the useful life of the landfills to be approximately 36 years.

To date Iron County has not incurred any closure or port-closure costs. Total costs to be recognized remain at \$1,835,680.

NOTE 10. ADVANCED REFUNDING

During the year ended December 31, 2003, the County effected an advance refunding with a partial defeasance of debt. The advance refunding was accomplished by issuing \$678,000 of Sales Tax Revenue Refunding Bonds-Series 2001. These bonds were issued December 5, 2001. The transaction is considered to be an advanced refunding in that the proceeds of the new bonds have been placed in an irrevocable escrow controlled by the trust department of U.S. Bank National Association. These proceeds along with \$105,000 from the previous debt service fund will be used to defease \$685,000 of the Municipal Building Authority Lease Revenue Bonds-Series 1994 previously issued by the County. The amounts placed in escrow have been invested in US Treasury state and local government series obligations.

The amounts placed in escrow will be sufficient to pay debt service on the refunded bonds with a payment of \$685,000 to be made on April 1, 2004 to pay off the outstanding balance of the bonds as of that date. The present value of the amounts placed in escrow equal the present value of the remaining debt service on the refunded bonds.

The refunded bonds bear interest of 7% to 7.40% with the refunding bonds bearing interest of 3% to 4.25%. The net present value of the savings benefit is \$50,164.

In accordance with generally accepted accounting principles concerning advanced refunding of bonds, the defeased portion of the Municipal Building Authority Lease Revenue Bonds-Series 1994 as well as the irrevocable escrow are not reported by the County. The refunding bonds have been included in general long term debt.

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 11. CONDENSED FINANCIAL STATEMENT - DISCRETELY PRESENTED COMPONENT UNITS

Iron County has three component units which are described below:

Governmental Fund Types:

Iron County Special Service District #3:

The District provides Highway Improvements within the District.

Proprietary Fund Types:

Mountain View Special Service District:

The District provides water utility within the District on a continuing basis and financed through user charges.

Summit Special Service District:

The District provides water utility services within the District on a continuing basis and financed through user charges.

Condensed Financial Statements for the year ended December 31, 2006, are as follows:

Condensed Statement of Net

Governmental Types:

	<u>Mountain View SSD</u>	<u>Summit SSD</u>	<u>Iron County SSD #3</u>	<u>Total</u>
Current Assets	\$ 60,389	\$ 63,770	\$ 353,151	\$ 477,310
Noncurrent Assets:				
Capital Assets (Net)	<u>153,936</u>	<u>72,028</u>	<u> </u>	<u>225,964</u>
 Total Assets	 <u><u>\$ 214,325</u></u>	 <u><u>\$135,798</u></u>	 <u><u>\$ 353,151</u></u>	 <u><u>\$ 703,274</u></u>
 Liabilities:				
Current Liabilities	\$	\$	\$	\$
Noncurrent Liabilities:				
Long-Term Debt		16,939		16,939
Postclosure Costs	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total Liabilities	 <u><u>\$</u></u>	 <u><u>\$ 16,939</u></u>	 <u><u>\$</u></u>	 <u><u>\$ 16,939</u></u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 11. CONDENSED FINANCIAL STATEMENT – DISCRETELY PRESENTED COMPONENT UNITS – CONTINUED

	<u>Mountain View SSD</u>	<u>Summit SSD</u>	<u>Iron County SSD #3</u>	<u>Total</u>
Net Assets:				
Capital Asset - Net of Related Debt	\$ 153,936	\$ 72,028	\$	\$ 225,964
Restricted				
Unrestricted	<u>60,389</u>	<u>46,831</u>	<u>353,151</u>	<u>460,371</u>
Net Assets	<u>214,325</u>	<u>118,859</u>	<u>353,151</u>	<u>686,335</u>
Total Liabilities and Net Assets	<u>\$ 214,325</u>	<u>\$135,798</u>	<u>\$ 353,151</u>	<u>\$ 703,274</u>
Condensed Statement of Revenue, Expenses and Changes in Net Assets:				
Governmental Activities:				
Revenues	\$	\$	\$ 94,858	\$ 94,858
Current Expenses	<u></u>	<u></u>	<u>(22)</u>	<u>(22)</u>
Change in Net Assets			94,836	94,836
Net Assets - Beginning	<u></u>	<u></u>	<u>258,315</u>	<u>258,315</u>
Net Asset - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 353,151</u>	<u>\$ 353,151</u>
Business Type Activities:				
Operating Revenue	\$ 15,136	\$ 32,008	\$	\$ 47,144
Operating Expenses:				
Depreciation	(11,918)	(12,314)		(24,232)
Other	<u>(10,092)</u>	<u>(18,632)</u>	<u></u>	<u>(28,724)</u>
Operating Income (Loss)	<u>(6,874)</u>	<u>1,062</u>	<u></u>	<u>(5,812)</u>

IRON COUNTY, UTAH
NOTES TO FINANCIAL STATEMENT
December 31, 2006

NOTE 11. CONDENSED FINANCIAL STATEMENT – DISCRETELY PRESENTED COMPONENT UNITS – CONTINUED

	<u>Mountain View SSD</u>	<u>Summit SSD</u>	<u>Total</u>
Non-Operating Revenues:			
Operating Grants & Intergovernmental			
Other Income (Expense)			
Interest Income	693	1,532	2,225
Total Non-Operating Revenues	693	1,532	2,225
Change in Net Assets	(6,181)	(2,594)	(3,587)
Net Assets - Beginning	220,506	116,265	336,771
Net Assets - Ending	<u>\$ 214,325</u>	<u>\$ 113,671</u>	<u>\$333,184</u>

NOTE 12. LEASE PAYABLE

As of year end the County had the following lease obligations outstanding:

Enterprise Funds: Ambulance Service Fund

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 4,874	\$ 568	\$ 5,442
2008	3,242	250	3,492
	<u>\$ 8,116</u>	<u>\$ 818</u>	<u>\$ 8,934</u>

NOTE 13. COMPLIANCE WITH STATE LAW

Expenditures in the general government, public safety, parks and recreation, community and economic development, and transfers out categories exceeded the adopted budget for the year in violation of the Utah Code.

In addition, class "B" and collector road, assessing and collecting, Fire Station and UHP Building funds have negative fund balances in violation of state law.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

IRON COUNTY, UTAH
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance, January 1	\$ 6,246,488	\$ 6,246,488	\$ 6,246,488	\$ -
Resources (inflows):				
Taxes	6,159,895	6,159,895	7,304,524	1,144,629
Interest earnings	29,350	29,350	178,775	149,425
Licenses and permits	96,000	96,000	98,248	2,248
Intergovernmental revenues	4,474,727	4,474,727	3,877,438	(597,289)
Charges for services	1,312,300	1,312,300	1,488,581	176,281
Fines and forfeitures	1,605,300	1,605,300	1,415,287	(190,013)
Miscellaneous	616,000	616,000	568,511	(47,489)
Transfers in from other funds	1,449,338	1,449,338	2,198,798	749,460
Amounts available for appropriation	<u>21,989,398</u>	<u>21,989,398</u>	<u>23,376,651</u>	<u>1,387,253</u>
Charges to appropriations (outflows):				
General government	5,774,483	5,774,483	6,485,543	(711,060)
Public safety	4,492,806	4,107,402	4,318,305	(210,903)
Public health	793,289	793,289	707,209	86,080
Parks & recreation	124,500	124,500	228,550	(104,050)
Community & economic development	545,401	490,571	675,038	(184,467)
Transfers out to other funds	4,241,750	4,333,750	4,458,115	(124,365)
Total charges to appropriations	<u>15,972,229</u>	<u>15,623,995</u>	<u>16,872,760</u>	<u>(1,248,765)</u>
Budgetary fund balance, December 31	<u>\$ 6,017,169</u>	<u>\$ 6,365,403</u>	<u>\$ 6,503,892</u>	<u>\$ 138,488</u>

The notes to the financial statements are an integral part of this statement.

**COMBINING FINANCIAL STATEMENTS
AND SCHEDULES**

IRON COUNTY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Combined Debt Service	Assessing & Collecting	Visitors Center	Midvalley Estates	Fire Station	UHP Building
Assets:						
Cash & cash equivalents	\$ 68,757	\$ -	\$ 131,840	\$ 30,234	\$ -	\$ -
Accounts receivable	171,457	256,401	6,989			
Due from other funds				296,154		
Taxes Receivable						
Other receivables						
Total assets	\$ 240,215	\$ 256,401	\$ 138,829	\$ 326,388	\$ -	\$ -
Liabilities:						
Cash with negative balances	\$ -	\$ 447,804	\$ -	\$ -	\$ 8,882	\$ 4,782
Accounts payable		6,418	549	498	29	
Other payables		4,900				
Due to other governments						
Accrued interest payable						
Deferred revenue				298,265		
Total liabilities		459,122	549	298,764	8,911	4,782
Fund balances:						
Reserved				27,624		
Unreserved, undesignated	240,215	(202,721)	138,280		(8,911)	(4,782)
Total fund balances	240,215	(202,721)	138,280	27,624	(8,911)	(4,782)
Total liabilities and fund balances	\$ 240,215	\$ 256,401	\$ 138,829	\$ 326,388	\$ -	\$ -

IRON COUNTY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Fiddlers Canyon SID	Fairgrounds Building	Festival Hall	Convention Center	Cross Hollow
Assets:					
Cash & cash equivalents	\$ 4,562	\$ 9,237	\$ 45,928	\$ 84,591	\$ 77,174
Accounts receivable					
Due from other funds					
Taxes Receivable					
Other receivables	1,145,913				279,240
Total assets	<u>\$ 1,150,475</u>	<u>\$ 9,237</u>	<u>\$ 45,928</u>	<u>\$ 84,591</u>	<u>\$ 356,415</u>
Liabilities:					
Cash with negative balances	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable					
Other payables			23,200		87
Due to other governments					
Accrued interest payable					
Deferred revenue	1,145,913				279,240
Total liabilities	<u>1,145,913</u>		<u>23,200</u>		<u>279,327</u>
Fund balances:					
Reserved	4,562				77,088
Unreserved, undesignated		9,237	22,727	84,591	
Total fund balances	<u>4,562</u>	<u>9,237</u>	<u>22,727</u>	<u>84,591</u>	<u>77,088</u>
Total liabilities and fund balances	<u>\$ 1,150,475</u>	<u>\$ 9,237</u>	<u>\$ 45,928</u>	<u>\$ 84,591</u>	<u>\$ 356,415</u>

IRON COUNTY, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Iron County Office Building Project	Festival Hall Project	Total Nonmajor Governmental Funds
Assets:			
Cash & cash equivalents	\$ 54,769	\$ 17,084	\$ 524,176
Accounts receivable			434,847
Due from other funds			-
Taxes Receivable			-
Other receivables			1,721,307
Total assets	<u>\$ 54,769</u>	<u>\$ 17,084</u>	<u>\$ 2,680,330</u>
Liabilities:			
Cash with negative balances	\$ -	\$ -	\$ 461,468
Accounts payable			30,782
Other payables			4,900
Due to other governments			-
Accrued interest payable			-
Deferred revenue			1,723,418
Total liabilities			<u>2,220,568</u>
Fund balances:			
Reserved			109,274
Unreserved, undesignated	54,769	17,084	350,488
Total fund balances	<u>54,769</u>	<u>17,084</u>	459,762
Total liabilities and fund balances	<u>\$ 54,769</u>	<u>\$ 17,084</u>	<u>\$ 2,680,330</u>

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2006

	Combined Debt Service	Assessing & Collecting	Visitors Center	Midvalley Estates	Fire Station	UHP Building
REVENUES:						
Taxes	\$ -	\$ 1,146,873	\$ -	\$ -	\$ -	\$ -
Interest earnings	3,272	37	1,919	2,372		
Licenses and permits						
Intergovernmental revenues						
Charges for services	73,319					
Fines and forfeitures						
Miscellaneous	226,643		39,194	103,818	5,850	23,050
Total Revenues	<u>303,234</u>	<u>1,146,909</u>	<u>41,113</u>	<u>106,191</u>	<u>5,850</u>	<u>23,050</u>
EXPENDITURES:						
General government						
Public safety						
Public health						
Highways & public improvements						
Parks & recreation						
Capital outlay						
Community & economic development						
Debt service	475,022		83,850	100,125	10,148	37,560
Total Expenditures	<u>475,022</u>		<u>83,850</u>	<u>100,125</u>	<u>10,148</u>	<u>37,560</u>
Excess of Revenues over (under) Expenditures	<u>(171,788)</u>	<u>1,146,909</u>	<u>(42,737)</u>	<u>6,066</u>	<u>(4,298)</u>	<u>(14,510)</u>
OTHER FINANCING SOURCES (USES):						
Debt proceeds						
Operating transfers in	107,975	460,830	43,350			13,050
Operating transfers out		(1,810,460)				
Sale of fixed assets						
Total Other Financing Sources (Uses)	<u>107,975</u>	<u>(1,349,630)</u>	<u>43,350</u>			<u>13,050</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(63,813)</u>	<u>(202,721)</u>	<u>613</u>	<u>6,066</u>	<u>(4,298)</u>	<u>(1,460)</u>
FUND BALANCES JANUARY 1	304,028		137,666	21,558	(4,614)	(3,322)
FUND BALANCES DECEMBER 31	<u>\$ 240,215</u>	<u>\$ (202,721)</u>	<u>\$ 138,280</u>	<u>\$ 27,624</u>	<u>\$ (8,911)</u>	<u>\$ (4,782)</u>

IRON COUNTY, UTAH

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended December 31, 2006

	Fiddlers Canyon SID	Fairgrounds Building	Festival Hall	Convention Center	Cross Hollow	Iron County Office Building Project
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	760	54	42	16	1,645	80,059
Licenses and permits						
Intergovernmental revenues						
Charges for services						
Fines and forfeitures						
Miscellaneous	6,479	36,860		587,000	11,463	
Total Revenues	<u>7,239</u>	<u>36,914</u>	<u>42</u>	<u>587,016</u>	<u>13,108</u>	<u>80,059</u>
EXPENDITURES:						
General government	500	411				
Public safety						
Public health						
Highways & public improvements						
Parks & recreation						
Capital outlay						
Community & economic development						
Debt service	59,523	34,949	135,800	608,513	15,477	
Total Expenditures	<u>60,023</u>	<u>35,360</u>	<u>135,800</u>	<u>608,513</u>	<u>15,477</u>	
Excess of Revenues over (under) Expenditures	<u>(52,783)</u>	<u>1,554</u>	<u>(135,758)</u>	<u>(21,497)</u>	<u>(2,369)</u>	<u>80,059</u>
OTHER FINANCING SOURCES (USES):						
Debt proceeds						
Operating transfers in		20,000	135,800	103,513		
Operating transfers out						
Sale of fixed assets						
Total Other Financing Sources (Uses)		<u>20,000</u>	<u>135,800</u>	<u>103,513</u>		
Excess of revenues and other sources over (under) expenditures and other uses	<u>(52,783)</u>	<u>21,554</u>	<u>42</u>	<u>82,016</u>	<u>(2,369)</u>	<u>80,059</u>
FUND BALANCES JANUARY 1	57,345	(12,317)	22,686	2,574	79,457	(25,290)
FUND BALANCES DECEMBER 31	<u>\$ 4,562</u>	<u>\$ 9,237</u>	<u>\$ 22,727</u>	<u>\$ 84,591</u>	<u>\$ 77,088</u>	<u>\$ 54,769</u>

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2006

	Festival Hall Project	Nonmajor Governmental Funds
REVENUES:		
Taxes	\$ -	\$ 1,146,873
Interest earnings		97,080
Licenses and permits	6,904	-
Intergovernmental revenues		-
Charges for services		73,319
Fines and forfeitures		-
Miscellaneous		1,040,357
Total Revenues	<u>6,904</u>	<u>2,357,628</u>
EXPENDITURES:		
General government		911
Public safety		
Public health		
Highways & public improvements		
Parks & recreation		
Capital outlay		
Community & economic development		
Debt service		1,560,966
Total Expenditures		<u>1,561,877</u>
Excess of Revenues over (under) Expenditures	<u>6,904</u>	<u>795,752</u>
OTHER FINANCING SOURCES (USES):		
Debt proceeds		
Operating transfers in		884,518
Operating transfers out		(1,810,460)
Sale of fixed assets		
Total Other Financing Sources (Uses)		<u>(925,942)</u>
Excess of revenues and other sources over (under) expenditures and other uses	6,904	(130,190)
FUND BALANCES JANUARY 1	10,180	589,952
FUND BALANCES DECEMBER 31	<u>\$ 17,084</u>	<u>\$ 459,762</u>

IRON COUNTY, UTAH
Combining Statement of Net Assets
Nonmajor Proprietary Funds
December 31, 2006

	<u>Sewer Service Fund</u>	<u>Solid Waste Collection</u>	<u>Total</u>
Assets			
Current assets:			
Cash & cash equivalents	\$ 148,558	\$ 237,408	\$ 385,966
Accounts receivable		84,512	84,512
Total current assets	<u>148,558</u>	<u>321,920</u>	<u>470,478</u>
Long-term assets:			
Capital assets, net of accumulated depreciation		193,657	193,657
Total long-term assets		<u>193,657</u>	<u>193,657</u>
Total assets	<u>148,558</u>	<u>515,577</u>	<u>664,135</u>
Liabilities and Net Assets			
Liabilities :			
Current liabilities:			
Accounts payable		29	29
Other payables		553	553
Compensated absences payable		10,202	10,202
Total current liabilities	<u>-</u>	<u>10,784</u>	<u>10,784</u>
Non-current liabilities:			
Total non-current liabilities:	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>10,784</u>	<u>10,784</u>
Net assets:			
Invested in capital assets, net of related debt		193,657	193,657
Restricted for:			
Debt service			-
Other purposes			-
Unrestricted	148,558	311,136	459,694
Total net assets	<u>\$ 148,558</u>	<u>\$ 504,793</u>	<u>\$ 653,351</u>

IRON COUNTY, UTAH
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Proprietary Funds
Year Ended December 31, 2006

	Sewer Service Fund	Solid Waste Collection	Total
Operating revenues:			
Charges for services	\$ 27,008	\$ 319,368	\$ 346,377
Connection fees	67,805		67,805
Total operating revenues	94,813	319,368	414,182
Operating expenses:			
Salaries & wages		143,932	143,932
Materials & supplies	52,540	29,096	81,636
Auto expenses		38,107	38,107
Utilities		139	139
Depreciation		33,064	33,064
Total operating expenses	52,540	244,339	296,879
Operating income (loss)	42,274	75,029	117,303
Nonoperating income:			
Interest earnings	2,857	3,679	6,536
Total nonoperating income	2,857	3,679	6,536
Change in net assets	45,131	78,708	123,839
Net assets - beginning	103,427	426,085	529,512
Net assets - ending	<u>\$ 148,558</u>	<u>\$ 504,793</u>	<u>\$ 653,351</u>

IRON COUNTY, UTAH
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended December 31, 2006

	Sewer Service Fund	Solid Waste Collection	Total
Cash flows from operating activities:			
Cash received from customers	\$ 97,297	\$ 293,340	\$ 390,638
Cash payments to suppliers for goods and services	(52,539)	(66,760)	(119,299)
Cash payments to employees for services	-	(137,405)	(137,405)
Net cash provided (used) by operating activities	<u>44,758</u>	<u>89,175</u>	<u>133,934</u>
Cash flows from noncapital financing activities:			
Operating transfers (to) from other funds			-
Net cash (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Cash received from grants			-
Acquisition of capital assets		-	-
Interest paid on capital debt			-
Principal paid on due to other funds		-	-
Net cash (used) by capital and related activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Interest received	<u>2,857</u>	<u>3,677</u>	<u>6,534</u>
Net cash (used) by investing activities	<u>2,857</u>	<u>3,677</u>	<u>6,534</u>
Net increase in cash and cash equivalents	<u>47,615</u>	<u>92,852</u>	<u>140,468</u>
Cash and Cash Equivalents - Beginning	<u>100,943</u>	<u>144,556</u>	<u>245,498</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 148,558</u></u>	<u><u>\$ 237,408</u></u>	<u><u>\$ 385,966</u></u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 42,274	\$ 75,029	\$ 117,304
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	33,064	33,064
Increase decrease accounts receivable	2,484	(26,028)	(23,544)
Increase decrease in accounts payable		30	30
Increase decrease in other payables		553	553
Increase decrease in compensated absences		6,527	6,527
Total adjustments	<u>2,484</u>	<u>14,146</u>	<u>16,630</u>
Net cash provided (used) by operating activities	<u><u>\$ 44,758</u></u>	<u><u>\$ 89,175</u></u>	<u><u>\$ 133,934</u></u>

IRON COUNTY, UTAH
Statement of Changes in Assets and Liabilities
Agency Funds
December 31, 2006

	<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2006</u>
Assets				
Cash & cash equivalents	\$ 24,137,588	\$ 29,577,897	\$ 45,465,924	\$ 8,249,561
Taxes receivable	316,144	212,770	-	528,914
Total assets	<u>\$ 24,453,732</u>	<u>\$ 29,790,667</u>	<u>\$ 45,465,924</u>	<u>\$ 8,778,475</u>
Liabilities				
Due to taxing units	\$ 24,453,732	\$ 29,790,667	\$ 45,465,924	\$ 8,778,475
Total liabilities	<u>\$ 24,453,732</u>	<u>\$ 29,790,667</u>	<u>\$ 45,465,924</u>	<u>\$ 8,778,475</u>

IRON COUNTY, UTAH
COUNTY TREASURER
STATEMENT OF CURRENT TAXES CHARGED,
COLLECTED, AND DISBURSED - CURRENT & PRIOR YEARS
DECEMBER 31, 2006

TAXING UNITS	Year-End Value (After BOE)	RDA Value	Real & Central Ass'd Value	Personal Prop. Value	Adjusted Value	Real & Central Ass'd Tax Rate
COUNTY FUNDS:						
General	3,250,497,876	66,952,055	<u>3,183,545,821</u>	<u>159,284,089</u>	<u>3,342,829,910</u>	0.001543
SCHOOL DISTRICTS						
Iron County	3,250,497,876	66,952,055	<u>3,183,545,821</u>	<u>159,284,089</u>	<u>3,342,829,910</u>	0.006115
CITIES AND TOWNS:						
Brian head	286,340,182		286,340,182	3,904,913	290,245,095	0.002860
Cedar City	1,447,132,321	66,952,055	1,380,180,266	129,492,377	1,509,672,643	0.002354
Enoch	184,784,898		184,784,898	1,205,195	185,990,093	0.001202
Kanarraville	20,335,487		20,335,487	357,406	20,692,893	0.000445
Paragonah	22,150,751		22,150,751	164,193	22,314,944	0.000886
Parowan	173,306,855		<u>173,306,855</u>	<u>2,598,313</u>	<u>175,905,168</u>	0.003200
Total Cities & Towns			<u>2,067,098,439</u>	<u>137,722,397</u>	<u>2,204,820,836</u>	
WATER CONS. DIST.	2,419,704,888	66,952,055	<u>2,352,752,833</u>	<u>149,465,177</u>	<u>2,502,218,010</u>	0.000550
GRAND TOTALS			<u><u>10,786,942,914</u></u>	<u><u>605,755,752</u></u>	<u><u>11,392,698,666</u></u>	

Personal Prop. Tax Rate	Real & Central Ass'd Taxes	Personal Prop Taxes Charged	Taxes Charged	Treasurer's Relief	Treasurer's Relief	
	Charged			Unpaid Taxes	Abatements	Other
0.001962	4,912,211	312,515	5,224,726	456,048	26,083	5,544
0.007574	19,467,383	1,206,418	20,673,801	1,807,342	103,368	58,516
0.004172	818,933	16,291	835,224	88,976		1,127
0.003010	3,248,944	389,772	3,638,716	213,501	21,770	25,356
0.001916	222,111	2,309	224,420	13,833	2,217	348
0.000674	9,049	241	9,290	829	124	39
0.001164	19,626	191	19,817	1,159	210	64
0.001316	554,582	3,419	558,001	41,879	5,919	(4,321)
	4,873,245	412,223	5,285,468	360,177	30,240	22,613
0.000094	1,294,014	14,050	1,308,064	119,338	7,930	(83,037)
	30,546,853	1,945,206	32,492,059	2,742,905	167,621	3,636

<u>Total</u>	<u>Taxes Collected</u>	<u>Rate</u>	<u>Fee in Lieu</u>	<u>Misc. Collection</u>	<u>Delinquencies</u>	
					<u>Tax</u>	<u>Interest, Penalty & Ref/Return</u>
<u>487,675</u>	<u>4,737,051</u>	<u>90.67</u>	<u>456,278</u>	<u>22,108</u>	<u>427,810</u>	<u>158,097</u>
<u>1,969,226</u>	<u>18,704,575</u>	<u>90.47</u>	<u>1,808,255</u>	<u>76,816</u>	<u>1,665,268</u>	<u>61,937</u>
90,103	745,121	89.21	8,392	3,622	156,920	7,136
260,627	3,378,089	92.84	393,203	12,802	311,318	9,510
16,398	208,022	92.69	45,813	830	9,506	247
992	8,298	89.32	2,073	102	492	12
1,433	18,384	92.77	4,774	91	989	53
<u>43,477</u>	<u>514,524</u>	<u>92.21</u>	<u>74,103</u>	<u>127</u>	<u>11,514</u>	<u>505</u>
<u>413,030</u>	<u>4,872,438</u>	<u>92.19</u>	<u>528,358</u>	<u>17,574</u>	<u>490,739</u>	<u>17,463</u>
<u>44,231</u>	<u>1,263,833</u>	<u>96.62</u>	<u>131,274</u>	<u>(3,218)</u>	<u>14,695</u>	<u>447</u>
<u>2,914,162</u>	<u>29,577,897</u>	<u>91.03</u>	<u>2,924,165</u>	<u>113,280</u>	<u>2,598,512</u>	<u>237,944</u>

COMPLIANCE SECTION

Wilson & Company

Certified Public Accountants / A Professional Corporation

IRON COUNTY, UTAH REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Board of
County Commissioners
Iron County
Parowan, Utah

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Iron County, Utah as of and for the year ended December 31, 2006, which collectively comprise Iron County, Utah's basic financial statements and have issued our report thereon dated September 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Iron County, Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted matters that we have reported to management of Iron County, Utah in a separate letter dated September 19, 2007.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Iron County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iron County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iron County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of Iron County, Utah and applicable federal and state funding and auditing agencies and is not intended to be and should not be used by anyone other than these intended parties.


WILSON & COMPANY
Certified Public Accountants

Cedar City, Utah
September 7, 2007

Wilson & Company

Certified Public Accountants / A Professional Corporation

IRON COUNTY, UTAH
AUDITOR'S REPORT ON COMPLIANCE WITH STATE FISCAL LAWS
For the Year Ended December 31, 2006

The Honorable Board of County Commissioners
Iron County
Parowan, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Iron County, Utah, for the year ended December 31, 2006, and have issued our report thereon dated September 7, 2007. As part of our audit, we have audited Iron County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2006. The County received the following major assistance programs from the State of Utah:

State Corrections Reimbursement
B Road Funds (Department of Transportation)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt	Justice Courts
Cash Management	B & C Road Funds
Purchasing Requirements	Other General Issues
Budgetary Compliance	Uniform Building Code Standards
Truth in Taxation & Property	Statement of Taxes Charged,
Tax Limitations	Collected and Disbursed
Liquor Law Enforcement	Assessing and Collecting
Transient Room Tax	of Property Taxes

The management of Iron County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis evidence about the County's compliance with the requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Iron County, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of service allowed and unallowed; eligibility; matching, level of effort, or earmarking; reporting, and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2006.


WILSON & COMPANY
Certified Public Accountants

September 7, 2007
Cedar City, Utah

IRON COUNTY, UTAH
TRANSIENT ROOM TAX EXPENDITURES
For the Year Ended December 31, 2006

In compliance with legislation passed by the Utah Legislature during the 2006 legislative session as contained in HB40 and Utah Code 17-31-5.5 (3), Iron County provides the following analysis of Transient Room Tax Expenditures by category:

Transient Room Tax Expenditures:

Promotion of tourism	<u>\$ 425,892</u>
Total Expenditures	<u>\$ 425,892</u>

Wilson & Company

Certified Public Accountants / A Professional Corporation

The Honorable Board of County Commissioners
Iron County
Parowan, Utah

We have completed our examination of the records of Iron County for the year ended December 31, 2006. As part of our engagement, we offer the following recommendations for strengthening internal accounting controls and improving accounting procedures.

In considering the findings and recommendations in this letter, it is important to recognize that a letter of this type is intended to be constructive in nature and its purpose is to point out areas for improvement. The absence of comment of a positive or complimentary nature is not intended to imply that the County operates in an inefficient or unsound manner.

Timely Preparation of Financial Statements

We noted during our audit that the County's financial statements and the closely related fixed asset management reports required considerable time and effort to prepare for the audit.

We recommend that the County adopt monthly accounting procedures to the greatest extent possible and thereby avoid an increased workload at year end.

State Surcharge Collections

We noted during our audit that state surcharge collections were not always paid to the state by the tenth of the month following collection as required by Utah law.

We recommend that the monthly reports for the justice courts be processed in enough time to allow for the surcharge collections to be paid to the State by the tenth of the month following collection. Also, we recommend that the approval of this expenditure be expedited so that payment can be made to the State by the tenth of the month.

Special Service District

We noted during our audit that the Mountain View Special Service District continues to be active. The principal reason that the Mountain View Special Service District was created by the County was to issue bonds which have now been paid off. Further, we noted that this District operated at a loss for the year.

We recommend that the County dissolve the Mountain View Special Service District so that the District does not have to be reported as a component unit on the financial statements of the County.

Compensated Absences

We noted in our exam that the liability balance for compensated absences climbed to \$513,487.

We suggest the County examine this liability and consider taking steps to limit the County's exposure and prevent this amount from rising. Since the balance at the end of 2006 continues to represent a significant amount, the County should consider reserving funds to cover the liability by placing them in a separate PTIF account.

Closure and Post Closure Costs

We noted during our audit that the Landfill fund accrued an additional \$81,000 of expense for estimated closure and post closure expenses for the landfill. We further noted that the County has not allocated on a separate restricted basis any funds to be used for future landfill closure and post closure costs.

We suggest that the County annually record the amount of estimated closure and post closure expense that keeps pace with the estimated liability. In addition, we suggest that the County establish and fund a separate restricted PTIF account funds to be reserved for the payment of future closure and post closure costs.

Negative Fund Balances

We noted in our exam that the group insurance, class "B" & collector roads, assessing & collecting, fire station, and the UHP building funds all had negative fund balances at year end in violation of the Utah Code.

We suggest that the County immediately take steps to eliminate all negative fund balances and comply with Utah Law. We suggest that this problem could be eliminated in the future with closer monitoring and timely preparation of the financial statements.

Net Operating Losses

We noted that the ambulance fund incurred a net operating loss for the year.

We suggest that the County must take steps to eliminate these losses by making transfers in a timely manner to these funds, reducing expenses, or both.

State Compliance-Expenditures in Excess of Budget

As a result of our examination, we noted that the general government, public safety, parks & recreation, community and economic development, and transfers out to other funds categories exceeded the approved budget in violation of Utah Law.

The County must monitor closely its expenditures and prevent expending amounts in excess of the approved budget. We suggest this problem could be prevented by having accurate and timely financial statements.

Iron County SSD#3:

We noted during our audit that mineral lease funds required to be remitted to the Iron County SSD#3 were not transmitted to the SSD#3 in a timely manner. This occurred because the County was required by the State Auditor's office to withhold the payment of funds to the District for failure to file timely reports.

We recommend that the County work with the District to complete and file all required reports with the State so that the County may release the funds being held for the SSD#3.

Software Conversion Training

We noted during our audit that certain required month end procedures had not taken place as required with the new software. We further noted that the employees involved had not received the proper training after the software was installed.

We recommend that all departments receive the required month end training and that the Auditor's office closely review the training process to ensure that the proper month end procedures are being followed with the new software.

Purchasing Procedures

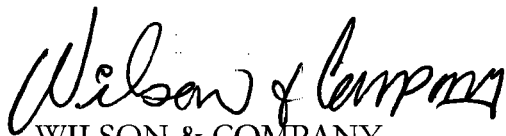
We noted during our audit that certain credit card transaction processing slips were not included with the month end credit card statements.

We recommend that all employees provide the required processing slips so that determination can be made of the nature of the transaction. Further we recommend that the County consider requiring employees to complete a monthly summary of credit card transactions and attach all credit card processing receipts so that credit card payments can be made in a timely manner.

Iron County

Page 4

We appreciate the opportunity to serve the County as independent auditors, and would like to thank both elected officials and County employees for being so helpful during our examination. If we can be of further service or if additional information is required as to items covered in this letter, we would be pleased to meet with you.

A handwritten signature in cursive script that reads "Wilson & Company".

WILSON & COMPANY

Certified Public Accountants

September 19, 2007

Commissioners

Wayne A. Smith

Lois L. Bulloch

Alma L. Adams

Clerk • David I. Yardley

Treasurer • Geraldine S. Norwood

Recorder • Patsy T. Cutler

Assessor • Dennis W. Ayers

Auditor • H. Eugene Adams

Attorney • Scott F. Garrett

Sheriff • Mark O. Gower



IRON COUNTY

68 South 100 East • Parowan, Utah 84761 • Phone (435) 477-8300 • Fax (435) 477-8847

September 24, 2007

Utah State Auditor
Salt Lake City, Utah

I have reviewed the recommendations as submitted to the Iron County Commission by Wilson and Company, independent auditors, pertaining to their findings for the audit period ending December 31, 2006, and issue my responses for your review.

Timely Preparation of Financial Statements

Audit: The County needs to adopt monthly accounting procedures in order to facilitate timely preparation of the Financial Statements and Fixed Assets Management reports.

Response: This is something I told the auditors should be done and we will work toward that goal in order to make the year end closing a easier process.

State Surcharge Collections

Audit: We noted during our audit that state surcharge collections were not always paid to the state by the tenth of the month following collection as required by Utah law.

Response: The Justice Court recently change to a new software which is their third change in the last two years. After a period of time in which to get familiar with this software we look forward to the reports being submitted to us by the fifth of the month in order for us to pay the state by the tenth of the month.. However, because of the heavy work load, particularly in the Cedar Justice Court, it is difficult to process the report on time. We will work with the Justice Center in the future to see if we can speed up the processing and approval of this expenditure.

Special Service District

Audit: We noted during our audit that the Mountain View Special Service District continues to be active. The principal reason that the Mountain View Special Service District was created by the County was to issue bonds which have now been paid off. Further, we noted that this District operated at a loss for the year.

Response: The County Commission recognizes the need to close this fund and transfer the assets in this fund to an appropriate entity. We will work on this goal to have this special service district become independent of Iron County.

Compensated Absences

Audit: We noted in our exam that the liability balance for compensated absences climbed to \$513,487.

Response: The County Commission should consider funding this liability in a trust account. These funds would then be available for future use if needed. As noted by the auditors, there are some PTIF accounts with open balances which should be closed. We will get these funds closed and open a new fund to be used for this purpose.

Closure and Post Closure Costs

Audit: We suggest that the County annually record an amount of closure and post closure expense equal to the estimated liability and allocate on a separate basis any funds to be used for future landfill closure and post closure costs.

Response: We will set up a separate PTIF account and deposit reserve funds to this account. Also, we will work to estimate the costs and increase the amount of future funds available by this amount.

Negative Fund Balances

Audit: We noted that several funds had negative fund balances at year end and suggest that the county take steps to eliminate this in the future.

Response: We will look at the funds with negative balances and see what can be done in the future to resolve this problem.

Net Operating Losses

Audit: We noted that the ambulance fund incurred a net operating loss for the year and suggest that the County take steps to eliminate these losses.

Response: We will go over the fund expenses in more detail with the commission and see if there are areas we can cut expenses.

State Compliance – Expenditures in Excess of Budget

Audit: We noted that some fund categories exceeded the budget and the County should monitor its expenditures to prevent this.

Response: We will work to have monthly financial statement and make adjustments sooner in order to eliminate this problem.

Iron County SSD#3

Audit: We noted that the SSD#3 had not filed all required reports to the state in order to have funds remitted to them.

Response: We will work with SSD#3 to get their reports caught up in order for them to receive their funds.

Software Conversion Training

Audit: We noted that certain month end procedures had not taken place and employees involved had not received the proper month end training required.

Response: We will have addition training in these procedures as soon as possible and monitore them until we feel all employees are familiar and using the proper month end procedures.

Purchasing Procedures

Audit: We noted during our audit that the some credit card transactions processing slips were not included with the credit card statements and also recommend that all employees complete a monthly summary of credit card transactions with attached receipts.

Response: In looking over the credit card statements I found some instances of this happening.

Many of the occurrences were when something was billed on a recurrent monthly basis where the vendor did not send a receipt. We are also looking into having each department head complete a monthly summary of the credit card transactions or a small statement on each transaction along with the receipt.

As first year Iron County Auditor I, along with each of the employees in the auditors' office appreciate the constructive nature of the independent auditors' findings and each of their recommendations. We will work to eliminate these problems in the future and continue to strive for excellence in serving the citizens of Iron County.

A handwritten signature in cursive script, appearing to read "H. Eugene Adams". The signature is fluid and stylized, with a large initial "H" and a long, sweeping underline.

H. Eugene Adams
Iron County Auditor